

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1830

March 10, 2011

SUMMARY OF BILL: Deletes current definition of a dam. Deletes the current exemption for farm ponds from current inspection requirements and replaces it with an authorization for the Commissioner of the Department of Environment and Conservation to determine that the improper operation or failure of such barrier would not be expected to result in loss of human life. Requires the Commissioner to complete a survey of dams in the state by July 1, 2012. Requires the survey be completed at least once every five years. Authorizes the Commissioner to accept a report issued by an engineer in lieu of an inspection.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$33,000/Environmental Protection Fund

**Increase State Expenditures – \$149,700/One-Time/General Fund
\$303,900/One-Time/Environmental protection Fund
\$35,100/Recurring/General Fund
\$71,300/Recurring/Environmental protection Fund**

Other Fiscal Impact – There will be a one-time increase in expenditures for the dam survey project in FY16-17 and every fifth year thereafter. The total increase in expenditures in FY16-17 is estimated to be \$150,000 (\$49,500 General Fund, \$100,500 Environmental Protection Fund). The increase in subsequent years is expected to decrease but cannot be reasonably quantified due to multiple unknown factors.

Assumptions:

- According to the Department of Environment and Conservation (TDEC), there are currently 150 regulated high-hazard dams and there are 66 additional known high-hazard farm pond dams in the state.
- There will be an increase in state revenue to the Environmental Protection Fund of \$33,000 from inspection fee revenue from these additional farm pond dams (66 additional dams x \$500 fee).
- Four TDEC staff members are currently available to conduct inspections statewide on 150 dams. The additional 66 dams at farm ponds will require at least one additional staff person. Recurring expenditures for this additional position will be \$106,428 (\$60,000

salary + \$19,128 benefits + \$27,300 travel, equipment, and other supplies). One-time expenditures will be \$3,600 for computer, office supplies, and equipment.

- According to TDEC, the requirement to conduct a complete survey of 150 dams in the state by July 1, 2012, would be beyond the capabilities of current resources. TDEC would contract with engineers to assist in performing surveys. On average, the discovery via aerial photography, surveys, and the inspection of one dam will take 24 hours at a rate of \$125 per hour per engineer. The one-time increase in state expenditures for FY11-12 will be \$450,000 (24 hours x \$125 x 150 dams).
- The increase in state expenditures is expected to decrease in the second survey project in FY16-17, due to a decrease in the number of dams discovered. TDEC estimates a second survey cost of \$150,000 in FY16-17.
- According to TDEC, these expenditures are funded 33 percent from the General Fund and 67 percent from the Environmental Protection Fund (EPF).
- The one-time increase in state expenditures from the General Fund will be \$149,688 $[(\$450,000 + \$3,600) \times 33\%]$; the recurring increase in state expenditures from the General Fund will be \$35,121 $(\$106,428 \times 33\%)$.
- The one-time increase in state expenditures from the EPF will be \$303,912 $[(\$450,000 + \$3,600) \times 67\%]$; the recurring increase in state expenditures from the EPF will be \$71,307 $(\$106,428 \times 67\%)$.
- The one-time increase in state expenditures from the General Fund in FY16-17 will be \$49,500 $(\$150,000 \times 33\%)$. The one-time increase in state expenditures from the EPF in FY16-17 will be \$100,500 $(\$150,000 \times 67\%)$.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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